

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Notice of Classification and Price
Adjustments for Picture Permit Imprints

Docket No. R2012-7

PUBLIC REPRESENTATIVE COMMENTS

(April 16, 2012)

Introduction

In response to Order 1302¹, the Public Representative hereby comments on the United States Postal Service's proposal to implement Picture Permit Imprint Indicia as price categories for First-Class Mail and Standard Mail letters and cards (Notice).

The Picture Permit Imprint Indicia would allow commercial mailers to include logos, trademarks, brand images or other kinds of marketing designs in the permit imprint indicia area of their mail. To use Picture Permit Imprint Indicia, mailings must be Full Service Intelligent Mail barcode (IMb), with the Picture Permit imprints approved by the Postal Service. Notice at 3. For the use of Picture Permit Imprint Indicia, the Postal Service plans to charge 1 cent per piece for First-Class Mail letters and postcards and 2 cents per piece for Standard Mail letters. *Id.* The classification change and prices described above are planned to take effect on June 24, 2012. Notice at 1.

¹ Commission Order 1302, Market Dominant Classification and Price Changes for Picture Permit Imprint Indicia, March 29, 2012.

Discussion

The Public Representative believes that the Postal Service's proposal generally comports with the provisions of Title 39 of the United States Code, and is in the interest of the general public. At the onset, the Public Representative wishes to commend the Postal Service for working with the Mailers Technical Advisory Committee (MTAC) and developing a new way to generate revenue for the Postal Service while providing mailers with an opportunity to add value to their mail pieces. However, the Public Representative has some concerns with the Postal Service's pricing of Picture Permit Imprint Indicia.

The Postal Service does not explain the basis for its differential pricing of Picture Permit imprints for First-Class Mail and Standard Mail. In its notice, the Postal Service states that nine percent of First-Class Mail commercial customers and twelve percent of Standard Mail customers indicated they would be willing to pay a small premium to use Picture Permit imprints. Notice at 3. For First-Class Mail letters and postcards the Postal Service plans to charge 1 cent per piece over and above the price postage and 2 cents per piece over and above the price of postage for Standard Mail letters. For First-class Mail letters, a 1 cent premium approximately equals a 3 percent increase in the price of the mail piece. For Standard Mail Letters a 2 cent premium approximately equals a 10 percent increase in the price of the mail piece; for Nonprofit, Carrier Route, High Density and Saturation letters, the percent increase is even higher. While it is unclear what mailers meant by "small premium," a 10 percent increase may be too high at the onset. To put these prices in perspective, the discount for Full Service IMb is 0.03 cents per qualifying mailpiece and 0.01 cents per qualifying mailpiece for First-Class Mail and Standard Mail, respectively. The Public Representative also notes that First-Class Mail is less price sensitive than Standard Mail, yet the Postal Service plans to charge Standard mailers twice as much as First-Class mailers.

The Public Representative suggests that the Postal Service carefully monitor implementation and track problems which may arise with the use of Picture Permit Imprint Indicia.

The Public Representative agrees with the Postal Service that no calculations of cap or price changes described in Rules 3010.14(b)(1) through (4) are required

because the proposed price adjustments do not change the prices for any existing First-Class Mail or Standard Mail price categories.

Conclusion

The Public Representative supports the Postal Service's proposal for Picture Permit Imprint Indicia and encourages the Postal Service to continue to find innovative solutions for mailers.

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Public Representative for
Docket No. R2012-7

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